





# BUSINESS OPPORTUNITIES IN THE MIDDLE EAST

by the Office of the Middle East, Market Access and Compliance

The Middle East and North Africa (MENA) is a region of enormous strategic and economic importance to the United States. It is a region of significant commercial importance to American business and U.S. companies have operated profitably there for many years. The countries of MENA are moving toward economic and political cooperation and integration and implementing economic reforms. Increasing globalization offers the prospect that opportunities will continue to grow and Americans will continue to prosper in the region.

With 18 countries (and the West Bank and Gaza) and more than 321 million people, the Middle East and North Africa region accounts for 5.2 percent of the world's population. During 2001, the region purchased an estimated 3.38 percent of U.S. merchandise exports and accounted for an estimated 3.6 percent of U.S. merchandise imports.

Though our exports slowed in the past few years due to the drop in oil prices, our estimated exports to the region for 2001 were \$25 billion up from \$24 billion in 2000. The principal product categories are aircraft and parts, heavy machinery, electrical machinery, cereals and vehicles.

## REFORM AND GLOBALIZATION ATTRACT U.S. COMPANIES

In an effort to create jobs, diversify and grow their economies, many of the countries in the region have embarked on economic reform and privatization programs to attract foreign direct investment. Algeria, Kuwait and Saudi Arabia are moving toward opening the development of their oil and gas fields to foreign companies and Qatar and the UAE continue to use foreign companies as partners as they expand the development of their oil and gas industries. In the last five years, Egypt, Morocco, Tunisia and the UAE have undertaken one or more new independent power

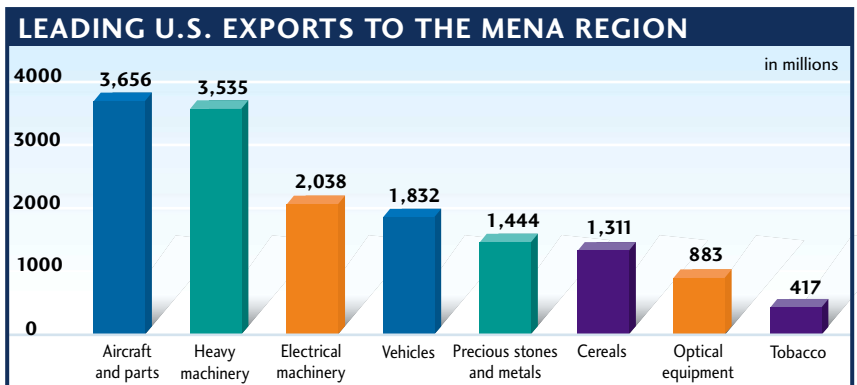
projects. In recent years, most of the countries have implemented new investment laws that allow up to 100 percent foreign ownership of domestic enterprises. Better laws and stricter enforcement of intellectual property protection in many of the countries have led to increased investment in the pharmaceutical industry in Jordan and in the high tech industries in Israel and the UAE.

Several countries have also embarked on regional projects. Egypt and Jordan recently came to an agreement on a pipeline between the two countries that could eventually carry gas all the way to Turkey. Most of the Arab countries on the Persian Gulf could soon be part of a regional gas distribution network. Qatar, which sits on the largest known non-associated gas field in the world, has reached an agreement with the UAE on a pipeline that will carry gas to Abu Dhabi, Dubai and eventually to Oman and possibly South Asia. Qatar is also negotiating with Bahrain and Kuwait to sell gas

via the pipeline. Two groups of countries — those in the Maghreb (Algeria, Morocco and Tunisia) and the six GCC countries (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE) — have begun the first phase of connecting their respective electrical power grids. The GCC countries are also making progress on political and military cooperation and on integrating their economies. They expect to form a customs union by 2003.

The countries of the MENA region are also getting on the globalization bandwagon. Bahrain, Egypt, Israel, Kuwait, Morocco, Qatar, Tunisia and the UAE were among the founding members of the World Trade Organization (WTO). Oman and Jordan joined in 2000 and Algeria, Lebanon, Saudi Arabia and Yemen are in the process of acceding.

The Middle East has become an important region for the development of information technology. Several countries, including Egypt, Jordan and Tunisia, are seeking to develop their IT industries. Two countries, Israel and the UAE, have already taken major steps to create vibrant IT sectors. Israel boasts a high-tech sector that is successfully integrated with the global economy. There are more than 200



U.S. high tech companies in Israel today, ranging from the giants, such as Intel and IBM, to “specialty” companies with only a few employees. Opportunities for American firms exist throughout the spectrum of high-tech fields, including telecommunications, defense, software development and business-to-business services.

U.S. companies have been very successful in winning contracts and forming partnerships to participate in these developments. More than \$18 billion in investment has been reported by U.S. companies in the region in 2000, an increase of 14 percent over the previous year and 75 percent more than five years ago. American companies have been particularly successful in the oil and gas industry, in power generation and water desalination

projects and in the high tech industries. These sectors continue to offer the best opportunities for future business, along with health care, water and irrigation technologies and environmental technologies.

#### FORMAL INSTRUMENTS ENHANCE COMMERCIAL TIES

The United States currently has a number of trade policy mechanisms in place to broaden economic and commercial relationships with the countries of the MENA region. The first U.S. free trade agreement (FTA) was with Israel and was signed in 1985. The U.S.-Israel Free Trade Agreement eliminated most barriers to trade in goods between the United States and Israel and has resulted in the rapid expansion of bilateral trade that reached more than \$20 billion in 2000.

The United States and Jordan signed a free trade agreement in October 2000 and it came into effect in December 2001. The U.S.-Jordan FTA eliminates duties and commercial barriers to bilateral trade in goods and services. It is the fourth free trade agreement to which the United States is a party and is the first with an Arab country. Jordanian companies were already receiving some preferential treatment when selling to the United States through qualified industrial zones (QIZ) designations. The United States grants duty-free access to products manufactured in QIZs if those products have Israeli content and meet other rules of origin criteria.



Assistant Secretary William Lash meets with H.H. Sheikh Mohamed Bin Rashid Al Maktoum, Crown Prince of Dubai to discuss the economic development of Dubai.

Photo courtesy of U.S. Commercial Service.

## ASSISTANT SECRETARY OF MARKET ACCESS AND COMPLIANCE VISITS SAUDI ARABIA AND UAE

To assess the impact of September 11 in two of these markets — Saudi Arabia and the United Arab Emirates (UAE) — and to advocate for U.S. companies, Assistant Secretary of Commerce for Market Access and Compliance William H. Lash, III led a commercial policy mission in November 2001. The visit was also designed to show our allies in the Persian Gulf that they are valued commercial, as well as strategic, partners. The tour of the region included meetings with government officials in Riyadh, Abu Dhabi, and Dubai. Assistant Secretary Lash also attended the Dubai Air Show, and opened the Second Middle East and North Africa Project Finance and Privatization Conference in the presence of ministers and government officials from the UAE, Oman, Qatar, Kuwait, Saudi Arabia, Bahrain and Egypt.

The trip afforded Assistant Secretary Lash the opportunity to speak with the U.S. and local business communities in the region and learn directly of the problems the private sector encounters. He was able to convey the Administration's support for continuing to conduct business despite the new security climate. He also thanked the private sector for its role in the U.S.-Gulf Cooperation Council (GCC) Economic Dialogue.

In Riyadh, Saudi Arabia, the Assistant Secretary met with Saudi Deputy Minister of Commerce Fawaz Al-Alamy to encourage the Saudi government's WTO accession efforts. He stressed that WTO membership would bring greater predictability and lower tariff and trade barriers, which in turn would improve the Saudi investment climate. Their discussion included talks about opening the insurance market and draft laws that would protect intellectual property rights. He expressed concern over the Saudi plans to require labeling on genetically modified foods. Minister Al-Alamy stated that the Saudi government didn't want to make the labeling requirements a technical barrier to trade, and would instead follow the model that European countries have used. Although the law was passed in December 2001, the real impact on U.S. agricultural exports to Saudi Arabia will depend on how the government enforces the labeling requirement.

In Dubai, Assistant Secretary Lash led the official U.S. delegation, touring the Dubai Air Show exhibits with

Sheikh Mohamed Bin Rashid Al Maktoum, Crown Prince of Dubai and the UAE Minister of Defense, as well as dignitaries from other countries. The air show was an opportunity for the Assistant Secretary to promote U.S. companies, such as GE and Pratt and Whitney that are competing to supply the engines for planes ordered by the UAE. He also was able to resolve a market access issue for a major U.S. automobile manufacturer.

The Assistant Secretary met with Mohamed Al Gergawi, Chairman of Dubai Internet City. Dubai Internet City is the brainchild of the Crown Prince of Dubai, His Highness Sheikh Mohammed bin Rashid. It was conceived and constructed within one year and officially opened in October 2000. Billed as the world's first free trade zone for e-commerce, it offers 100 percent foreign ownership, tax exemptions, protection of intellectual property rights, exhibition facilities, state-of-the-art networks and connectivity, a research and a development center and a science and technology park. It is expected to become home to the first ever Internet University. The Internet City's infrastructure aims to attract the entire value chain in Internet-related industry, from venture capital and Internet strategy and implementation organizations to e-commerce, software and multi-media developers. More than 200 companies are already licensed in the City, including Microsoft, Dell, IBM, Sun Microsystems and Oracle.

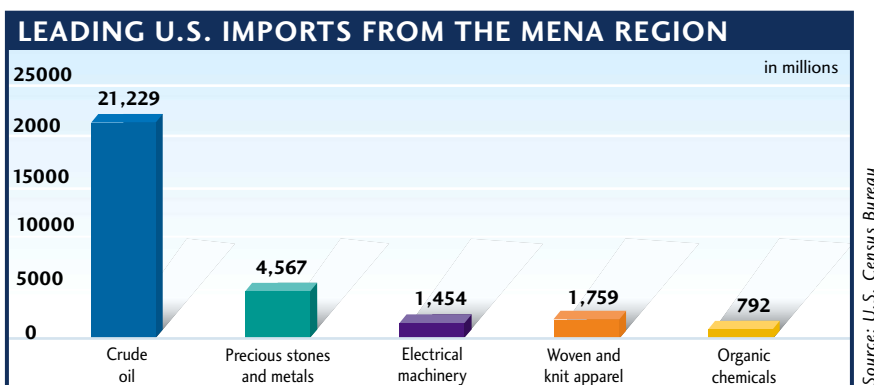
Assistant Secretary Lash traveled from Dubai to Abu Dhabi, where he gave the opening address at the MENA Project Finance and Privatization Conference, and congratulated the GCC countries on progress they have made in the last few years in privatizing their power sectors. He stressed the significance of privatization in advancing a country's economy. While in Abu Dhabi, Mr. Lash also met with the officials in the UAE Ministry of Commerce and Economy and discussed those WTO and IPR issues affecting the UAE and the GCC countries. He also visited with several U.S. firms, addressed the American Business Council of Abu Dhabi to discuss commercial conditions, and conducted a business roundtable with U.S. firms.



The U.S.- Egypt Presidents' Council was established in the spring of 1995 to provide advice and counsel that reflect private sector views, needs and concerns regarding Egypt's business climate, including facilitating private sector development in Egypt and strengthening commercial ties between the United States and Egypt. President Bush and Secretary Evans have expressed their support for continuing the Council, believing it is important for governments to listen to the views of their business communities to help create a more favorable business climate for businesses to grow and economies to prosper.

The Council is chaired by the U.S. Secretary of Commerce and the Egyptian Minister of Foreign Trade and its private sector members are senior U.S. and Egyptian business executives. Secretary Evans and Minister Boutros-Ghali signed the Memorandum of Understanding to reestablish the Council in October 2001.

The U.S.-GCC Economic Dialogue was established in 1985 and is the primary vehicle through which the GCC countries and the United States discuss trade and investment issues. Meetings usually take place annually and alternate between Washington, D.C. and



the GCC region. The next meeting is planned for this year in Washington. The Commerce and State Departments co-chair the U.S. side of the Dialogue. This government-to-government forum explores measures to promote and expand the commercial and economic relationship between the United States and the GCC. Since the January 1992 meeting of the Dialogue, the U.S. and GCC private sectors have had a role in the meetings, but private sector participation has accelerated since September 1998. The U.S. private sector, represented by the American Business Council of the Gulf Countries (ABCGC) and the GCC Chambers of Commerce have participated in all recent meetings of the Dialogue. The private sector has formed a separate "business" dialogue and developed a separate action agenda.

The private sector also organized two business conferences in April 1993 in Washington, D.C. and in March 1996 in Bahrain. A third business conference will be held in conjunction with the plenary session of the Dialogue this year. As a result of the Dialogue, the GCC countries have made great strides in increasing the protection of intellectual property rights, easing visa restrictions for American business representatives and easing restrictions on investment.

In the summer of 1998, the United States launched the U.S.-North Africa Economic Partnership to enhance the policy dialogue and break down barriers to trade and investment among the countries of North Africa and between each country and the United States. Through the Partnership, which helps to advance economic reform and private sector-led growth in the region, the United States fosters a senior-level policy dialogue aimed at promoting economic reform and liberalization. The Partnership provides the Maghreb governments with a platform from which to engage with potential U.S. investors and provides focused technical assistance and training programs to Tunisia, Morocco and Algeria aimed at helping these governments improve their business and investment climates. The Partnership receives \$4 to \$5 million in funding each year.

Over the past two years, the U.S. government launched 24 technical assistance and exchange programs with the Maghreb countries under the



Photo courtesy of Tim Wang.

U.S. companies display their wares during the Dubai Air Show. Assistant Secretary Lash promoted U.S. companies such as GE and Pratt and Whitney who were competing to supply engines for recently-purchased aircraft.

Partnership. U.S. experts in commercial law, insurance reform, debt management and other fields have shared their expertise with their North Africa counterparts. Ongoing activities of the Partnership also establish links between North African universities and American institutions of higher learning, permitting faculty exchanges in fields linked to business. Each spring, the Under Secretary of State for Business, Economic and Agricultural Affairs has hosted a meeting in Washington with the economic ministers of each country. Mauritania participated in the May 2001 meeting for the first time. The Trade and Development Agency also held a trade and investment conference on North Africa in November 2000, bringing together American and Maghreb companies to explore opportunities.

The United States has in place Bilateral Investment Treaties (BITs) with Bahrain, Egypt, Jordan, Morocco and Tunisia and we are discussing BITs with Kuwait, Qatar, Oman and Saudi Arabia. The United States also has entered into several Trade and Investment Framework Agreements (TIFA). The bilateral council formed under each TIFA serves as a forum in which to discuss ways to break down barriers to bilateral trade and investment. The TIFA with Jordan led to the U.S.-Jordan Free Trade Agreement. We also have a TIFA with Algeria, Egypt and Morocco and we expect to sign with Tunisia in the near future.

#### U.S. GOVERNMENT PROGRAMS FACILITATE COMMERCIAL TIES WITH THE MENA REGION

The Commerce Department's Commercial Law Development Program (CLDP) is active in Egypt and North Africa to support host government economic reform and trade liberalization efforts. CLDP operates in North Africa under the U.S.-North Africa Economic Partnership and

helps to develop policies and regulations that are consistent among Morocco, Tunisia and Algeria in areas such as export/import laws, product standards and intellectual property protection. Commerce's Technology Administration is cooperating with the Egyptian Ministry of Communications and Information Technology in organizing an information technology partnership conference in Alexandria, Egypt in spring 2002. The Technology Administration is also preparing to assist interagency, non-governmental organizations and private sector partnerships to implement applications of advanced U.S. technology to help mitigate the serious water shortage in Jordan.

The Export-Import Bank of the United States (Ex-Im Bank) is the official export credit agency of the United States. In its 65 years of service, Ex-Im Bank has helped to support more than \$400 billion of U.S. exports worldwide. Ex-Im Bank's mission is to match officially supported foreign competition and fill financing gaps to maximize support for U.S. exports and contribute to the promotion and maintenance of U.S. jobs. Ex-Im has programs in almost every country in the Middle East and North Africa (the exceptions are Iran, Iraq, Libya, Palestinian Authority and Syria).

The Overseas Private Investment Corporation (OPIC) supports U.S. businesses that invest in developing countries and emerging market economies, which creates U.S. jobs, increases U.S. exports and promotes economic growth at home and abroad. In addition to fostering American global competitiveness, OPIC considers an investment's impact on the U.S. economy, the environment and rights of workers in the host country. OPIC will support projects in Algeria, Bahrain, Egypt, Israel, Jordan, Kuwait, Lebanon, Oman, Morocco, the Palestinian Authority, Saudi Arabia, Tunisia and Yemen.

The U.S. Trade and Development Agency (TDA) assists in the creation of jobs for Americans by helping U.S. companies pursue overseas business opportunities. Through the funding of feasibility studies, orientation visits, specialized training grants, business workshops and various forms of technical assistance, we enable American businesses to compete for infrastructure and industrial projects in middle-income and developing countries. TDA is active in every country in the region with the exceptions of Syria, Libya, Iraq and Iran. ■

#### USEFUL RESOURCES:

*For travel advisories and general country information:*  
[www.state.gov](http://www.state.gov)

*For country commercial guides, market research, and trade statistics:*  
[www.export.gov](http://www.export.gov)

*For federal export assistance programs, the Trade Information Center:*  
[www.export.gov/tic](http://www.export.gov/tic)  
1-800 USA TRADE (872-8723)

*For specific market access and compliance problems, the Office of the Near East:*  
(202) 482-1860

*Countries of the Middle East and North Africa:*  
Algeria, Bahrain, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Saudi Arabia, Syria, Tunisia, United Arab Emirates, Yemen

# U.S. HEALTHCARE TECHNOLOGIES

## PRESCRIPTION FOR BETTER HEALTH AROUND THE GLOBE

by Lisa Huot,  
Office of Medical Devices, Trade Development

As an international leader in the development of innovative healthcare technologies — medical devices, pharmaceuticals and therapies the United States plays a key role in promoting improved healthcare around the world.

Like their global counterparts, healthcare professionals in the Middle East depend on the U.S. healthcare sector to provide the highest quality products and the most advanced diagnostic and treatment services in the world. Exports of U.S. medical, dental and ophthalmic devices to the Middle East stood at \$320 million in 2000 and grew by approximately 22 percent between 2000 and 2001. The development of private and public services and facilities in the Middle East are

expanding to serve increasing populations. As a result, the demand for high-quality healthcare is spurring development of new hospitals and medical centers. Countries of this region are dedicating resources to build new facilities and therefore, there are abundant opportunities for U.S. companies.

The specialty items available from U.S. medical device manufacturers range from imaging systems using X-rays, ultrasound, MRI and CT to cardiovascular products, such as pacemakers, coronary stents and catheters. Rapid diagnostic test kits and new drug treatments from U.S. companies are other tools that doctors use internationally to improve the quality of healthcare for their patients.

Innovation is not limited to devices, diagnostic products and pharmaceuticals.

U.S. healthcare institutions are constantly developing new procedures in critical care areas such as trauma treatment, burn care, pain management, diabetes monitoring, renal therapy, cancer treatment and blood banking.

These new products, procedures and treatments are disseminated through educational and training opportunities in the United States. Healthcare professionals from around the world, including many from the Middle East, receive medical training at U.S. universities and research institutions. Training opportunities include initial education, internships and residency programs, continuing education seminars and other specialized training provided at professional conferences. U.S. doctors and university professors often travel abroad as keynote speakers at major medical congresses and tradeshows,

### U.S. DOMESTIC EXPORTS TO THE NEAREAST

LIST OF COMMODITIES	1998	1999	2000 IN 1,000 DOLLARS	JAN-OCT 2000	JAN-OCT 2001	PERCENT CHANGE YTD2000 - YTD2001
Electromedical Equipment	88,498	86,845	106,083	86,117	88,184	2.40%
Irradiation(XRay) Apparatus	40,319	44,812	41,009	30,951	76,346	146.70%
Surgical&Medical Instruments	108,427	93,370	82,869	71,360	80,109	12.30%
Surgical&Medical Supplies	54,734	48,861	57,176	47,955	49,820	3.90%
Dental	19,922	26,804	20,737	16,407	16,369	-0.20%
Ophthalmic Goods	12,580	9,557	12,183	9,624	8,444	-12.30%
<b>Total U.S. Exports to the Near East, Medical</b>	<b>324,479</b>	<b>310,248</b>	<b>320,056</b>	<b>262,415</b>	<b>319,272</b>	<b>21.70%</b>

Source: U.S. Census Bureau

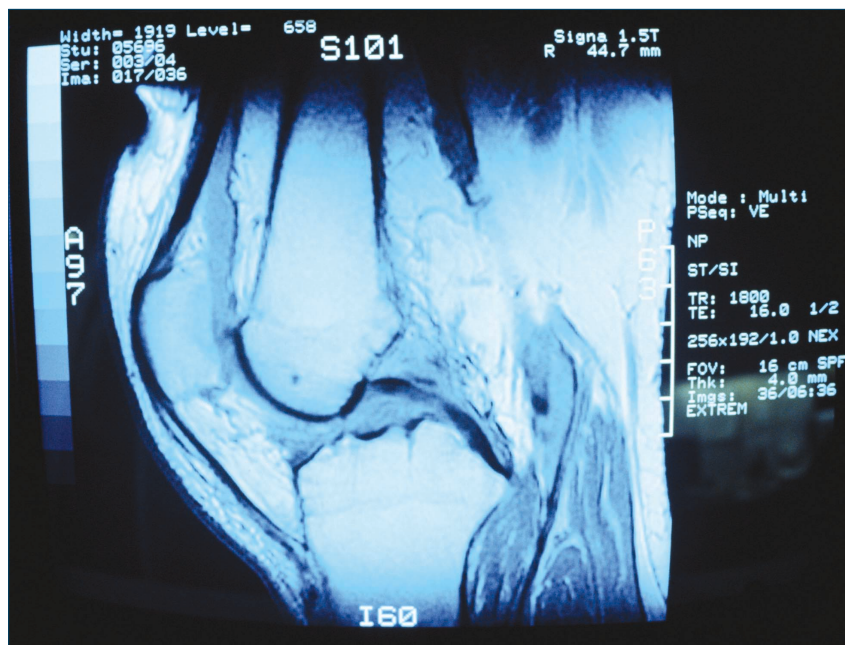


allowing local doctors exposure to the latest technologies and treatments.

Healthcare in the Middle East is also benefiting from the growing number of partnerships between U.S. hospitals and clinics and healthcare institutions abroad. Such partnerships enable hospitals in the Middle East to have direct links to state-of-the-art diagnostic tools and treatment planning. Although many patients still opt to travel to the United States to receive treatment, international partnerships help keep local doctors involved in the process, enabling them to provide better follow-up care when patients return home.

Working in conjunction with private companies and universities, several U.S. Government agencies including the National Institutes of Health (NIH), the Food and Drug Administration (FDA) and the Centers for Disease Control and Prevention (CDC) contribute to the vitality of the U.S. health care system. Founded in 1887, the National Institutes of Health is one of the foremost medical research centers in the world and is dedicated to searching for new ways to help prevent, detect, diagnose and treat disease. Composed of 27 separate Institutes and Centers, the NIH provides the backbone for medical research in the U.S. both in its own laboratories and through funding of private scientists and research institutions throughout the country and abroad. Many foreign research investigators are trained at the NIH, fostering international dissemination of new medical technologies.

The FDA takes a major role in promoting and protecting public health by ensuring the products that reach the healthcare market are safe and effective. The FDA also monitors products for continued safety after they are in use. Patients do not have to come to the United States, however, to benefit from the work of the FDA. Similar to the CE mark issued by European regulators, FDA approval is broadly recognized as



an assurance of product safety. Rather than duplicating the expensive and time-consuming regulatory activities of the FDA, many countries, including Jordan, Saudi Arabia and the United Arab Emirates, readily accept FDA-approved devices, pharmaceuticals and treatments.

The CDC works with partners throughout the world to monitor health trends, detect and investigate health problems and implement prevention strategies. In today's global environment, diseases previously restricted to isolated areas of the globe have the potential to spread rapidly across borders. Early detection and action are, thus, more important than ever. The staff of the CDC plays a critical role in controlling such infectious diseases, traveling at a moment's notice to investigate outbreaks at home or abroad.

The U.S. Department of Commerce is confident that the already close relationship between the U. S. healthcare sector and the medical community in the Middle East will continue to be strengthened in the upcoming year.

We also invite businesses in the Middle East to contact the U.S. Department

of Commerce Foreign Commercial Service offices located in embassies and consulates throughout the region. Our staff is available to assist local medical-related businesses and healthcare institutions find suppliers and partners in the United States.

Again, the U.S. Department of Commerce looks forward to working closely with the Middle East to help provide our trading partners with the highest quality, most innovative and effective medical devices and pharmaceuticals in the world. ■

For more information regarding U.S. healthcare technology to the Middle East or elsewhere in the world, contact Lisa Huot of the Office of Medical and Dental Equipment. Tel: (202) 482-2796 or Email: [Lisa\\_Huot@ita.doc.gov](mailto:Lisa_Huot@ita.doc.gov).